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Programme budget for the biennium 2018–2019

Human resources management

United Nations common system

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for the year 2018

Report of the Advisory Committee on Administrative and Budgetary Questions

I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the statement submitted by the Secretary-General (A/C.5/73/2) in accordance with rule 153 of the rules of procedure of the General Assembly on the administrative and financial implications of the decisions and recommendations contained in the report of the International Civil Service Commission for 2018. The Committee also had before it an advance version of the report of the Commission for the year 2018 (A/73/30). During its consideration of the statement, the Committee met representatives of the Secretary-General and the Commission, who provided additional information and clarification, concluding with written responses received on 3 October 2018.

2. The decisions and recommendations of the Commission relate to five issues: changes in pensionable remuneration for both categories of staff; the end-of-service grant; remuneration of the Professional and higher categories of staff; children's and secondary dependant's allowances; and conditions of service in the field (hardship locations classified in the D and E categories) (A/C.5/73/2, para. 1).

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II. Pensionable remuneration for both categories of staff

3. It is indicated in the statement that, in July 2017, the Commission set up a working group on pensionable remuneration for the Professional and General Service categories, which presented its findings and recommendations at the eighty-sixth session of the Commission. The Commission reviewed the results of a comparability study of the pension schemes of the United Nations and the federal civil service of the United States of America that had been completed by the secretariats of the Commission and the United Nations Joint Staff Pension Fund. On the basis of those elements, the Commission decided to recommend to the General Assembly that: pensionable remuneration for all categories be based on single rates of the common scale of staff assessment, necessitating a revision to the scale; the scale of pensionable remuneration and pay protection points for staff in the Professional and higher categories be revised; and the pensionable remuneration for ungraded officials be calculated with reference to the top step of the D-2 level, and the adjustment factor revised.

4. According to the Secretariat's estimate, the recommendations would entail for the United Nations an estimated increase of $4,254,100 for the programme budget of the United Nations for the remainder of the biennium 2018–2019, as well as for the upcoming proposed programme budget for the year 2020. With regard to peacekeeping operations, the increases are estimated at $1.564 million for the financial period 2018/19 and $3.128 million for the financial period 2019/20 (ibid., para. 5).

5. Upon enquiry, the Advisory Committee was informed that the proposed changes to the scale of pensionable remuneration would increase the Pension Fund's required contribution rate by 0.12 per cent of pensionable remuneration. According to the contact group of the United Nations Joint Staff Pension Board, such an increase would have a very limited effect on the long-term funding of the Fund.

III. End-of-service grant

6. In its resolution 71/264, the General Assembly requested the Commission to undertake a comprehensive analysis of the effect of its recommendation that an end-of-service grant be adopted for fixed-term staff separating from the Organization upon the expiration of their appointment after 10 or more years of continuous service. Following the completion of that analysis, the Commission decided to recommend the introduction of an end-of-service grant, to be paid as a lump sum to staff members who separate from the organizations upon the expiration of their fixed-term appointment after five or more years of continuous service.

7. According to the Secretariat's estimate, the introduction of the grant would entail for the United Nations an estimated increase of $2,242,900 for the programme budget of the United Nations for the remainder of the biennium 2018–2019, as well as for the upcoming proposed programme budget for the year 2020. The increases for peacekeeping operations are estimated at $809,900 for the financial period 2018/19 and $1,619,800 for the financial period 2019/20 (ibid., para. 9).

8. The Advisory Committee was informed, upon enquiry, that staff members who received a termination indemnity or a retirement benefit or were reinstated in a 12-month period after separation would not be eligible for the grant.

IV. Conditions of service of the Professional and higher categories

A. Base/floor salary scale

9. It is indicated in the statement that the Commission recommends an increase in the base/floor salary of 1.83 per cent as from 1 January 2019, to be implemented through the standard no-loss-no-gain procedure (i.e., by increasing the base/floor salary scale and commensurately decreasing post adjustment multipliers). According to the Secretariat's estimate, the financial implications of the recommendation are as follows: for the programme budget of the United Nations, an increase of $84,900 for the remainder of the biennium 2018–2019, as well as for the upcoming proposed programme budget for the year 2020; and, for peacekeeping operations, an increase of $31,200 for the financial period 2018/19 and $62,400 for the financial period 2019/20 (ibid., para. 11).

10. The Advisory Committee was informed, upon enquiry, that the only direct financial implication arising from the measure would be an increase in the termination indemnity, which is linked to the salary scale.

B. Children's and secondary dependant's allowances

11. It is indicated in the statement that, in 2017, the Commission reviewed the methodology for the children's and secondary dependant's allowances. On the basis of that review, it recommends that, as from 1 January 2019: the children's allowance be set at $3,666 per annum, the allowance for children with disabilities at $7,332 per annum and the secondary dependant's allowance at $1,283 per annum; the allowances be converted to local currency using the official United Nations exchange rate as at the date of implementation; and the allowances be reduced by the amount of any direct payment received by staff from a Government in respect of dependants.

12. According to the Secretariat's estimate, the financial implications of the proposed changes are as follows: for the programme budget of the United Nations, an increase of $2,851,400 for the remainder of the biennium 2018–2019, as well as for the upcoming proposed programme budget for the year 2020; and, for peacekeeping operations, an increase of $947,700 for the financial period 2018/19 and $1,895,400 for the financial period 2019/20 (ibid., para. 14).

V. Field duty stations with extreme hardship conditions

13. It is indicated in the statement that the field-based organizations in the Human Resources Network of the United Nations System Chief Executives Board for Coordination raised the matter of those duty stations with a hardship classification of D or E that were not designated as non-family. The Network pointed out the particular responsibility of United Nations organizations as employers with regard to the duty of care towards staff and their families. The Commission established a dedicated working group and, following receipt of its report, decided to recommend that: staff members decide whether to install eligible dependants in duty stations classified in hardship category D or E that are not designated as non-family duty stations; a reduced non-family service allowance of $15,000 per annum be paid to staff members with eligible dependants who decide to install those dependants elsewhere; and this allowance be reviewed following the full implementation of the revised hardship methodology at the completion of the cycle that ends in 2019.

14. According to the Secretariat's estimate, the financial implications of introducing the reduced non-family service allowance are as follows: for the programme budget of the United Nations, an increase of $291,900 for the remainder of the biennium 2018–2019, as well as for the upcoming proposed programme budget for the year 2020; and, for peacekeeping operations, an increase of $196,000 for the financial period 2018/19 and $392,000 for the financial period 2019/20 (ibid., para. 18).

VI. Conclusions and recommendations

15. The Secretary-General indicates that the decisions and recommendations of the Commission would have financial implications for the programme budgets of the United Nations for the biennium 2018–2019 and for the year 2020 estimated at $9,725,200 for each of those two periods. In addition, the related additional resource requirements for peacekeeping operations are estimated at $3,548,800 for the financial period from 1 July 2018 to 30 June 2019 and $7,097,600 for the financial period from 1 July 2019 to 30 June 2020 (ibid., para. 19).

16. Upon request, the Advisory Committee was provided with a table showing the breakdown of the overall financial implications of implementing the decisions and recommendations, as estimated by the Commission and the Secretariat (see annex).

17. **The Advisory Committee notes significant differences between the total annual cost implications for the Secretariat estimated for the year 2020 by the Secretariat ($16.82 million) and the estimates by the Commission ($27.28 million). The Committee trusts that more detailed explanations for the reasons for these differences will be provided to the General Assembly at the time of its consideration of the present report.**

18. **The Advisory Committee recommends that the General Assembly take note of paragraph 20 of the statement by the Secretary-General, i.e. that, should it approve the recommendations of the Commission:**

(a) **The requirements for the biennium 2018–2019 for the Secretariat would be addressed, as necessary, in the context of the first and second performance reports for the biennium 2018–2019, as appropriate, and the requirements for the year 2020 would be taken into account in the context of that upcoming proposed programme budget;**

(b) **The requirements for the budgets for peacekeeping operations would be addressed, as necessary, in the context of the performance reports for the period from 1 July 2018 to 30 June 2019 and in the context of the upcoming proposed budgets for the financial period from 1 July 2019 to 30 June 2020.**

Annex

Summary of financial implications

	International Civil Service Commission estimate		*Secretariat estimate*							
			Regular budget				*Peacekeeping operations*			
	Number of Professional staff	*Cost per year (United States dollars)*	*Number of staff*	*Percentage*	*2018–2019 estimate (United States dollars)*	*2020 estimate (United States dollars)*	*Number of staff*	*Percentage*	*2018/19 estimate (six months) (United States dollars)*	*2019/20 estimate (one year) (United States dollars)*
Pensionable remuneration: Professional										
Common system	32 500	38.4 million								
Secretariat	10 590	12.5 million	3 601	0.34	4 254 100	4 254 100	2 648	0.25	1 564 000	3 128 000
End-of-service grant: Professional and General Service (fixed-term)	*Number of eligible staff on fixed-term contract*		*Number of eligible staff on fixed-term contract*				*Number of eligible staff on fixed-term contract*			
Common system	937	10.9 million								
Secretariat	659	6.2 million	237	0.36	2 242 900	2 242 900	171	0.26	809 900	1 619 800
Base/floor salary scale: separation payments	*Number of separation cases of Professional staff*		*Number of separation cases of Professional staff*				*Number of separation cases of Professional staff*			
Separation payments: Professional staff										
Common system	2 400	802 000								
Secretariat	747	249 600	254	0.34	84 900	84 900	187	0.25	31 200	62 400
Children's and secondary dependant's allowances[a]	*Number of cases of Professional staff*		*Number of cases of Professional staff*				*Number of cases of Professional staff*			
Children's allowances:										
Common system	36 144	26.6 million								
Secretariat	10 102	7.4 million	3 435	0.34	2 819 800	2 819 800	2 526	0.25	936 600	1 873 200

	International Civil Service Commission estimate		*Secretariat estimate*							
			Regular budget				*Peacekeeping operations*			
	Number of Professional staff	*Cost per year (United States dollars)*	*Number of staff*	*Percentage*	*2018–2019 estimate (United States dollars)*	*2020 estimate (United States dollars)*	*Number of staff*	*Percentage*	*2018/19 estimate (six months) (United States dollars)*	*2019/20 estimate (one year) (United States dollars)*
Transitional allowance (resulting from children's allowance)										
Common system	75	11 300								
Secretariat	10	1 000	10	0.34	1 000	1 000	–	–	–	
Secondary dependant's allowance:										
Common system	950	245 100								
Secretariat	330	85 100	112	0.34	30 600	30 600	83	0.25	11 100	22 200
Total, children's and secondary dependant's allowances										
Common system	**26.8 million**									
Secretariat	**7.5 million**				**2 851 400**	**2 851 400**	**–**		**947 700**	**1 895 400**
Non-family service allowance, D and E locations	*Number of cases of Professional staff*		*Number of cases of Professional staff*				*Number of cases of Professional staff*			
Professional staff										
Common system[b]	434	6.5 million								
Secretariat[c]	181	834 100	64	0.35	291 900	291 900	85	0.47	196 000	392 000
Total										
Common system	**83.4 million**									
Secretariat	**27.28 million**				**9 725 200**	**9 725 200**			**3 548 800**	**7 097 600**

(Footnotes on following page)

(Footnotes to Annex)

Note: Excludes extrabudgetary funding.

[a] Based on United Nations System Chief Executives Board for Coordination staffing data for 2016. Estimates include three different situations or cases: (a) children covered by the children's allowance; (b) children of single parents; and (c) children of working couples who previously received the dependency rate of pay because of their first child but who are now eligible to receive a children's allowance in accordance with the transitional arrangement.

[b] The estimate for the common system is based on the assumption that 434 staff with dependants, serving in category D and E duty stations, would choose not to install their dependants in those locations and therefore would receive the non-family service allowance of $15,000 approved by the Commission.

[c] For the Secretariat, the estimate reflects the difference between the currently budgeted installation entitlements and the impact of adding the option to claim $15,000 in lieu of the installation package for eligible staff members based on the actual statistics (Umoja data as at 1 January 2018) related to the number of Secretariat staff members (181) and their dependants currently installed or not installed in category D and E duty stations without family restrictions.